



COUNTY WELFARE DIRECTORS ASSOCIATION OF CALIFORNIA
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CWDA

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To: All County Social Service Directors and Fiscal Officers

From: CWDA Staff

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RE: State Budget Update #12 – Budget Conference Committee Completes Action

The Budget Conference Committee completed its actions on the Governor's May Revision proposals last night. In terms of the overall budget, we do not know as of the writing of this update how much of the solution to the projected \$24 billion deficit is made up of program cuts, revenue increases, or borrowing. However, we do know that the proposed suspension of Proposition 1A and borrowing of \$2 billion from local governments were rejected, and that new revenues were approved. We will inform you of these broader decisions once the final Budget Conference Committee report is available.

In the meantime, we wanted to inform you of the actions taken by the Budget Conference Committee in human services. A comprehensive list of the status of human services issues is attached. Major actions include the following:

- **CWS** – Rejected the proposed across-the-board cut to CWS and did not adopt the LAO proposal to eliminate the hold-harmless.
- **CalWORKs** – Rejected the proposed elimination of CalWORKs and adopted instead an alternative reduction of funding for CalWORKs child care and employment services of \$175 million in 2009-10, including trailer bill language that will: allow for county flexibility for a two-year limited period to exempt categories of or provide good cause exemptions to individuals with high supportive services costs (for example, parents of very young children); suspend the five-year services time clock for exempt recipients during the exemption period; and increase county flexibility to transfer funds from the mental health and substance abuse accounts to the Single Allocation if needed.

The Budget Conference Committee also reduced the current year Single Allocation by \$43 million, which is additional funding that was included in the May Revision for the Single Allocation as a result of projected caseload increases since the enacted February 2009-10 budget. These current year funds have not yet been allocated.

- **IHSS** – Rejected most of the components of the proposed IHSS fraud initiative (but adopted the estimated \$40 million in General Fund savings resulting from the initiative); rejected any further reductions in IHSS wages and benefits; eliminated all IHSS services for recipients with a Functional Index (FI) score below 2 (with specified exemptions), eliminated domestic and related services for recipients with an FI ranking below 4 for the particular service category (also with specified exemptions); and cut Public Authority administration rates by 20 percent.
- **Realignment** – Approved a realignment plan that shifts \$300 million of CalWORKs assistance payment costs to the counties to be funded from the Vehicle License Fee reserve. We do not have any additional details on this realignment proposal at this time, but will keep you posted as we learn more about how this proposal would be implemented.

While the reductions in human services are not as drastic as proposed by the Governor, you can see there are still significant cuts. Furthermore, all of our programs and priorities remain vulnerable as the budget discussions now progress to the Legislative leaders and the Governor.